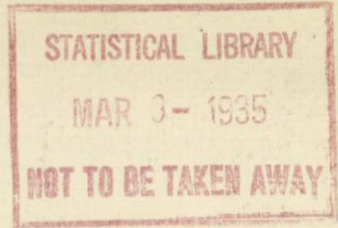


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ANNUAL REPORT
OF
THE GOODYEAR TIRE & RUBBER
COMPANY OF CANADA, LIMITED

NEW TORONTO, ONTARIO

1934



GOODYEAR

ANNUAL REPORT

to the Shareholders of

THE GOODYEAR TIRE & RUBBER
COMPANY OF CANADA, LIMITED

For the Fiscal Year ended December 31st, 1934

NEW TORONTO, ONTARIO

BOARD OF DIRECTORS

P. W. LITCHFIELD
Chairman
AKRON

C. H. CARLISLE
TORONTO

C. B. McNAUGHT
TORONTO
(Deceased Sept. 16, 1934)

J. E. McALLISTER
TORONTO

P. A. THOMSON
MONTREAL

C. A. STILLMAN
AKRON

C. SLUSSER
AKRON

EXECUTIVE OFFICERS

C. H. CARLISLE
President

R. C. BERKINSHAW
General Manager
and Treasurer

O. H. BARRETT
Secretary
and General Counsel

W. H. JEEVES
Assistant Treasurer

B. W. LANG
Assistant Comptroller

H. A. TIPPLE
Assistant Secretary and
Assistant Comptroller

R. W. RICHARDS
General Sales Manager

E. H. KOKEN
General Superintendent

R. P. D. GRAHAM
Manager, Export Department

ANNUAL REPORT OF THE DIRECTORS

of

The Goodyear Tire & Rubber Company
of Canada, Limited

New Toronto, March 4th, 1935.

TO THE SHAREHOLDERS —

Your Board of Directors submits a Consolidated Balance Sheet of THE GOODYEAR TIRE & RUBBER COMPANY OF CANADA, LIMITED, and its subsidiary companies, certified by your Auditors, which sets forth the results of the operations for the year ended December 31st, 1934 and the financial position of the combined companies.

The operations of the combined companies have resulted in a profit of \$2,028,310.02 after charging all manufacturing, selling and administrative expenses and income taxes, but before providing for depreciation; from this amount there has been set aside a reserve of \$599,474.13 for depreciation on buildings and equipment, leaving a net profit of \$1,428,835.89. This amount of net profit represents an increase of \$51,359.30 over the net profits of 1933.

A comparison of the operations for 1934 with the previous year shows that in 1934 there was a general increase in the volume of sales to dealers, manufacturers and to the export trade. In our last year's report to the shareholders, we pointed out that the favorable showing of profits in 1933 was partly due to the fact that the Companies entered 1933 with a large quantity of rubber and cotton at prices which were materially below the average prices for that year. This enhanced the profits of 1933 by \$450,687.93. The Companies entered 1934 also with rubber and cotton on hand and contracted for at below current market prices, but the profits from operations of 1934 did not benefit from this condition to the same extent as in 1933; also, replacements of these raw materials had to be made at considerably higher prices than in the previous year. The average spot cost of rubber as represented by No. 1 Ribbed Smoked Sheets for the year 1934 was 117% in excess of the average spot cost for 1933, whilst the average spot cost of Middling Uplands cotton for the year 1934 was 42.7% in excess of the average spot cost for 1933. These were contributing factors to an increase in the cost of production which was evident throughout the year. It was not possible to entirely counter-balance these increases in costs by any marked increase in prices of finished product, owing to competitive conditions, particularly in the tire field.

An item affecting the profits for the year under review which did not apply in 1933, was a special rebate which was made to dealers by the Goodyear Company in common with other members of the Tire Division of the Rubber Association in respect to their sales between January 1st and July 31st inclusive. The special rebate paid by your Company amounted to \$210,000.00.

The results disclosed in the attached statement include the profit on export business for 1933, but are before taking into account the accrued profits on export business for 1934 which are estimated at about \$300,000.00.

The usual review has been made of the inventories, which are stated in the Balance Sheet at an amount materially below the market prices at December 31st, 1934 on substantially the same relative basis as a whole, as at the end of December 1933. Adequate reserves are carried to meet all probable losses in the realization of your Accounts Receivable and all ascertained liabilities as at the end of the year have been provided for.

The usual practice in regard to providing for depreciation of the buildings and equipment was followed in 1934. The accumulated reserves for depreciation now stands at \$6,611,241.96 with the result that the net book value of the plants and buildings is only 44.75% of the gross book value of these assets. The manufacturing equipment of the rubber plants, including installation, stands in the books of the Company at a net value of 18.47% of gross book value.

The following shows how the combined profits of the Companies for the year 1934 have been applied—

| | | |
|--|--------------|-----------------------|
| Dividends on 7% Preferred stock.... | \$504,171.50 | |
| Dividends on Common stock (\$5.00 a share) | 643,150.00 | |
| | | \$1,147,321.50 |
| Par value of Bonds of Goodyear Cotton Co. of Canada, Limited, acquired during the year for purpose of redemption | | 769,000.00 |
| Redemption of Preferred shares..... | | 59,800.00 |
| Expended for additions to plant and equipment (net) | | 413,814.53 |
| Special provision for Employees' Pension fund | | 100,000.00 |
| Increase in deferred charges | | 1,757.46 |
| | | <u>\$2,491,693.49</u> |
| <u>Deduct</u> | | |
| Decrease in net current assets or working capital | \$404,561.59 | |
| Decrease in Miscellaneous Investments | 58,821.88 | |
| | | 463,383.47 |
| Total | | <u>\$2,028,310.02</u> |

The reduction in the working capital was occasioned in part by the redemption of the Cotton Company's Bonds in February 1934. As a result of this action none of your Companies now has any bonded indebtedness, and a saving in fixed charges of \$46,140.00 per annum has been effected.

The working capital, after deducting all current liabilities and tax reserves, amounted on December 31st, 1934 to \$9,783,498.98 and it will be noted that the cash on hand alone was over twice the liabilities. The cash, call loans and Government bonds aggregate \$5,168,798.75. The usual Preferred dividends at the rate of 7% per annum, amounting to \$504,171.50 were paid on the Preferred stock and dividends amounting to \$643,150.00 representing in all \$5.00 a share, were disbursed to the holders of the Common stock. The Company's earned surplus increased during the year by \$181,514.39 and the net earnings on the Common stock amounted to \$924,664.39 which is equivalent to \$7.19 a share.

In the last twenty-five years the automobile has played a marked part in the world's affairs and especially in the United States and Canada, as these two countries have been its greatest producers and consumers. It is difficult to visualize what the conditions would be today had it not been for auto transportation. Billions of dollars have been spent in factories, garages, roadways, materials, wages, insurance, taxes and repairs. It has made the country accessible to the city, and vice versa, it has reduced the cost of production in every branch of industry, it has multiplied man's efficiency, yet this industry and its allied industries are taxed disproportionately and unfairly.

In motor transportation automobile tires are an important item in the cost of up-keep. The sales tax and poundage-excise tax on casings and tube sales in Canada amount to approximately 13% of the net selling price.

Your Company paid in taxes during the last fiscal year an amount which represented 16.09% of its net domestic sales. Such high taxes make it difficult for a Canadian rubber manufacturing company to secure its adequate share of business in the export field. Taxes supersede dividends and may in some instances impair capital. While it is recognized that funds have to be raised to pay for the cost of Government, the heavy taxation of industry and the withdrawal of capital from industry for the purpose of meeting deficits and paying the cost of a multiplicity of governmental bodies, must be materially reduced if trade conditions are to show a general and permanent improvement throughout Canada.

Your Company enters the 1935 business with well balanced inventories at well below the market price, with a large percentage of the available business, with its plants in excellent condition and heavily depreciated, with a strong financial position and an aggressive and competent organization. If you, as a shareholder, give us your active support, the results for the present fiscal year should be satisfactory.

On behalf of the Board,

C. H. CARLISLE,

President

THE GOODYEAR TIRE & RUBBER

and SUBSIDIA

CONSOLIDATED BALANCE SHEET

ASSETS

CURRENT AND WORKING ASSETS:

Cash \$ 882,851.46

Call loans and government bonds
at cost or market whichever is
lower 4,285,947.29

\$5,168,798.75

Accounts receivable \$1,683,915.13

Less—Reserve for bad and
doubtful accounts 130,970.12

1,552,945.01

Inventories at cost or market,
whichever is lower:

Finished goods \$1,342,124.78

Goods in process 267,802.00

Raw materials and supplies 1,853,876.63

3,463,803.41

\$10,185,547.17

MISCELLANEOUS INVESTMENTS:

Stocks, bonds and mortgages 146,975.08

REAL ESTATE, BUILDINGS, PLANT, MACHINERY AND EQUIPMENT:

12,336,476.07

DEFERRED CHARGES TO OPERATIONS:

Insurance, taxes and rents paid in advance 45,191.54

\$22,714,189.86

COMPANY OF CANADA, LIMITED

COMPANIES

DECEMBER 31, 1934

LIABILITIES

CURRENT LIABILITIES:

| | | |
|------------------------------------|-------------------|---------------|
| Current accounts payable | \$ 131,369.24 | |
| Reserve for income and other taxes | <u>270,678.95</u> | \$ 402,048.19 |

RESERVE FOR DEPRECIATION OF BUILDINGS, PLANT, MACHINERY AND EQUIPMENT:

6,611,241.96

CAPITAL STOCK:

Seven per cent. Cumulative Redeemable Preferred Stock:

Authorized—

195,000 shares of \$100.00 each \$19,500,000.00

Issued and fully paid—

79,498 shares of \$100.00 each \$ 7,949,800.00

Less—Redeemed 7,623 shares 762,300.00

7,187,500.00

Common Stock:

Authorized—

145,330 shares of no par value of which

128,630 shares have been issued \$ 128,630.00

Capital Surplus

463,068.00

591,698.00

SURPLUS:

Balance as of January 1, 1934 \$ 7,740,187.32

Profit for the year ending December 31, 1934, before providing for depreciation, but after deducting income tax \$2,028,310.02

Less—Reserve for depreciation 599,474.13 1,428,835.89

\$ 9,169,023.21

Deduct—Dividends:

On Seven per cent. Preferred Stock

\$ 504,171.50

On no par value Common Stock 643,150.00

\$1,147,321.50

Special provision for Employees' Pension fund

100,000.00 1,247,321.50

7,921,701.71

\$22,714,189.86

PRICE, WATERHOUSE & CO.

Chartered Accountants

ROYAL BANK BUILDING

TORONTO, CANADA

February 11, 1935.

To the Shareholders of

THE GOODYEAR TIRE & RUBBER COMPANY OF CANADA, LIMITED:

We have examined the books and accounts of The Goodyear Tire and Rubber Company of Canada, Limited and its subsidiary companies for the year ending December 31, 1934.

We have satisfied ourselves that all charges to Property Accounts are in respect of actual additions, and sufficient provision has been made for accruing depreciation. The stocks on hand have been taken and valued by the Companies at cost or market prices, whichever were lower; the bad debt reserve is considered sufficient to provide for all doubtful accounts; the bank balances and call loans were confirmed by certificates, and we have taken all reasonable precautions to satisfy ourselves that all liabilities as at December 31, 1934 are included in the Balance Sheet.

And we report that, in our opinion, the annexed Consolidated Balance Sheet is drawn up so as to show the true financial position of the Company and its subsidiaries as of that date and the results from the operations for the year ending December 31, 1934 according to the best of our information and the explanations given to us and as shown by the books of the Companies.

PRICE, WATERHOUSE & CO.,
Auditors.

Goodyear Automobile Tires



Shareholders may not be aware that Goodyear manufactures tires in several price ranges. In fact it is possible to buy a Goodyear Tire in even the very low-priced field. This tire, shown at the LEFT, is the Goodyear Speedway. It is made with genuine Supertwist Cords in the body and a tread of tough, long-wearing rubber. This tire enables Goodyear to secure a certain share of the business of car owners who, for one of a number of reasons, must buy low-priced tires.

In the medium-price class there is the Goodyear Pathfinder . . . a splendid tire shown at the RIGHT. Pathfinder has an exceptionally safe non-skid tread with traction in the centre where the tire meets the road. Its body is of Supertwist Cords and the combination of a springy, trouble-free carcass and a safe, long-wearing tread has made Pathfinder a very popular tire.



The All-Weather Tread Goodyear —the G-3 Tire—shown BELOW remains the most popular tire in the Goodyear line. Used as factory equipment on many cars it has been for twenty years the largest-selling tire in Canada. The present

G-3 All-Weather Tread was introduced in mid-summer of 1934 and immediately was given the most enthusiastic public reception of any Goodyear tire ever presented to the Canadian public.



It should be noted that all three of these Goodyear Tires for passenger cars are available in both regular and heavy duty construction. The regular construction has four plies of Supertwist Cords while the Heavy Duty has six plies. These tires are in the stocks of about 3,300 Canadian dealers. The All-Weather Tread Goodyear can be secured as equipment for your new car, on specification.

Goodyear Truck and Bus Tires



In addition to the four commercial tires shown on this page there are 6 other Goodyear Tires for commercial or farm use. Space does not permit their illustration here.

With this line of tires for trucks and buses it is possible to Goodyear-equip any commercial vehicle operating in Canada.

Truck tire business is very important to Goodyear and the co-operation of shareholders in securing this business, either as renewals or as equipment on new vehicles, will be greatly appreciated.

The tires shown on this page are:



TOP: The All-Weather Tread Balloon for trucks and buses. This tire rapidly is becoming the most widely-used commercial tire in Canada. It not only withstands the high speeds of inter-urban hauling but it gives maximum protection to the driver, the truck and the load. Not only does the Goodyear Truck Balloon provide extreme cushioning but its broad tread of sharp-edged diamonds gives it exceptionally safe traction on almost any road surface.

CENTRE: The All-Weather Tread pneumatic tire for tractors. A comparatively new development, the pneumatic tire quickly is replacing steel wheels on tractors in road-maintenance and farm service. It permits the faster operation of a tractor, as well as giving it extreme cushioning. This tire is made also with a "lug-type" tread for road-building and maintenance service.



LOWER IMMEDIATE LEFT: The Dump-Truck All-Weather Tread . . . a tire designed specially for trucks engaged in excavation or construction service. The flat All-Weather Tread which is carried down the sides of the tire in a row of "fingers" gives it the finest traction in soft ground. This tire is used on many of the largest truck-fleets engaged in construction or allied services.

LOWER LEFT: The All-Weather Tread Heavy Duty High-Pressure Truck Tire. This is the standard truck tire of Canada. It is used wherever rugged strength and safe road-grip are needed. It is made in all sizes for trucks and buses and is immediately available from dealers' stocks.

Goodyear Belting and Hose



Mechanical Rubber Goods (manufactured in the factory at Bowmanville, Ontario) represent a substantial share of Goodyear's sales.

Hose for all industrial purposes, as well as for garden use, are found in the Goodyear line. That this hose has a wide acceptance throughout Canadian in-

dustry is indicated by the fact that in the mines of Northern Ontario more Goodyear Air-Drill Hose is used than any other kind.

The Goodyear engineering staff has been very successful in designing special hose to meet special conditions.

The variety of the Goodyear line of hose is closely paralleled by the range of belting.

This range extends from the little fan belt for your automobile and the belt for your washing-machine right up to the largest conveyor belt used in industry, and includes several widely-used brands of power transmission belts among which is the new and popular Goodyear Emerald Cord V-Belt.

Some idea of the scope of this line may be gained from the illustration at the foot of this page which shows 10 different types of conveyor belting made by Goodyear.

In addition to belting and hose, Goodyear manufactures a great assortment of packings and molded rubber goods for various industrial purposes.



Goodyear Soles and Heels



Goodyear soles and heels (manufactured at the Bowmanville factory) are used as original equipment in many of the larger Canadian shoe factories. You can have them on your new shoes if you ask for them.

Likewise they are sold by several thousand shoe repairers throughout Canada and will be supplied on request. As shoe repairers usually stock more than one brand of soles and heels it is advisable to ask for Goodyear when having shoes repaired.

Goodyear Cushion Rug and Mats

Goodyear Cushion Rug — a cellular rubber material to be used as an under-cushion for carpets and rugs — has already achieved large sales. It not only makes rugs softer and more luxuriant but it lengthens their life and definitely prevents rugs from slipping or wrinkling. Furthermore it has moth-proof and moth-repellant qualities.



Many department- and furniture-stores stock Goodyear Cushion Rug in rolls and can immediately supply the quantity that you require. Specially-made Cushion Rugs can be supplied from the factory through your local dealer.

The illustration shows Cushion Rug being employed as a cushioning for stair treads. Its thickness and springiness make it an ideal material for this purpose.

Dealers also stock a complete range of Goodyear Rubber Mats for practically all household uses . . . as well as corrugated matting in rolls for office and club use.

The Goodyear Tire & Rubber Company of Canada, Limited

General Offices: NEW TORONTO, ONT.

Factories: { NEW TORONTO, ONT.
BOWMANVILLE, ONT.

Cotton Plant: ST. HYACINTHE, QUE.

BRANCHES

| | |
|------------------|--------------------------------|
| ST. JOHN, N.B. | 83 Prince William St. |
| QUEBEC, QUE. | Cor. Crown and Fleury Sts. |
| MONTREAL, QUE. | 679 St. James St. W. |
| TORONTO, ONT. | 152 Simcoe St. |
| WINDSOR, ONT. | 410 Hanna Ave., E. |
| LONDON, ONT. | 539 Richmond St. |
| WINNIPEG, MAN. | 97 Higgins Ave. |
| REGINA, SASK. | Cor. Broad St. and 6th Ave. |
| SASKATOON, SASK. | Cor. 24th St. and Pacific Ave. |
| CALGARY, ALTA. | 537—8th Ave. West |
| VANCOUVER, B.C. | Cor. Nelson and Hamilton Sts. |

WHOLESALE DISTRIBUTORS

SYDNEY, N.S.—Cape Breton Battery & Vulcanizing Company.
HALIFAX, N.S.—Maritime Accessories Limited.
VICTORIA, B.C.—B. R. Ciceri & Co.

WHOLESALE WAREHOUSES

CHARLOTTETOWN, P.E.I.—A. Horne & Co.
MONCTON, N.B.—Sumner Tire Service.
OTTAWA, ONT.—G. H. Frisby.
KINGSTON, ONT.—Van Luven Bros.
OWEN SOUND, ONT.—Albert Jackman.
NORTH BAY, ONT.—White Bros.
TIMMINS, ONT.—Marshall-Ecclestone Ltd.
HAMILTON, ONT.—A. F. Dell.
KITCHENER, ONT.—M. Berg.
CHATHAM, ONT.—Murray Tire & Battery Service.
PORT ARTHUR, ONT.—J. A. Nicholson.
BRANDON, MAN.—Gillies & Warren.
YORKTON, SASK.—Ted's Tire Shop.
NORTH BATTLEFORD, SASK.—D. W. Calvert.
PRINCE ALBERT, SASK.—Grosser & Glass Ltd.
SWIFT CURRENT, SASK.—Standard Motors Ltd.
EDMONTON, ALTA.—Taylor & Pearson Ltd.
GRANDE PRAIRIE, ALTA.—Grande Prairie Garage Co.
LETHBRIDGE, ALTA.—H. R. Carson Ltd.
NELSON, B.C.—Nelson Transport Co. Ltd.

